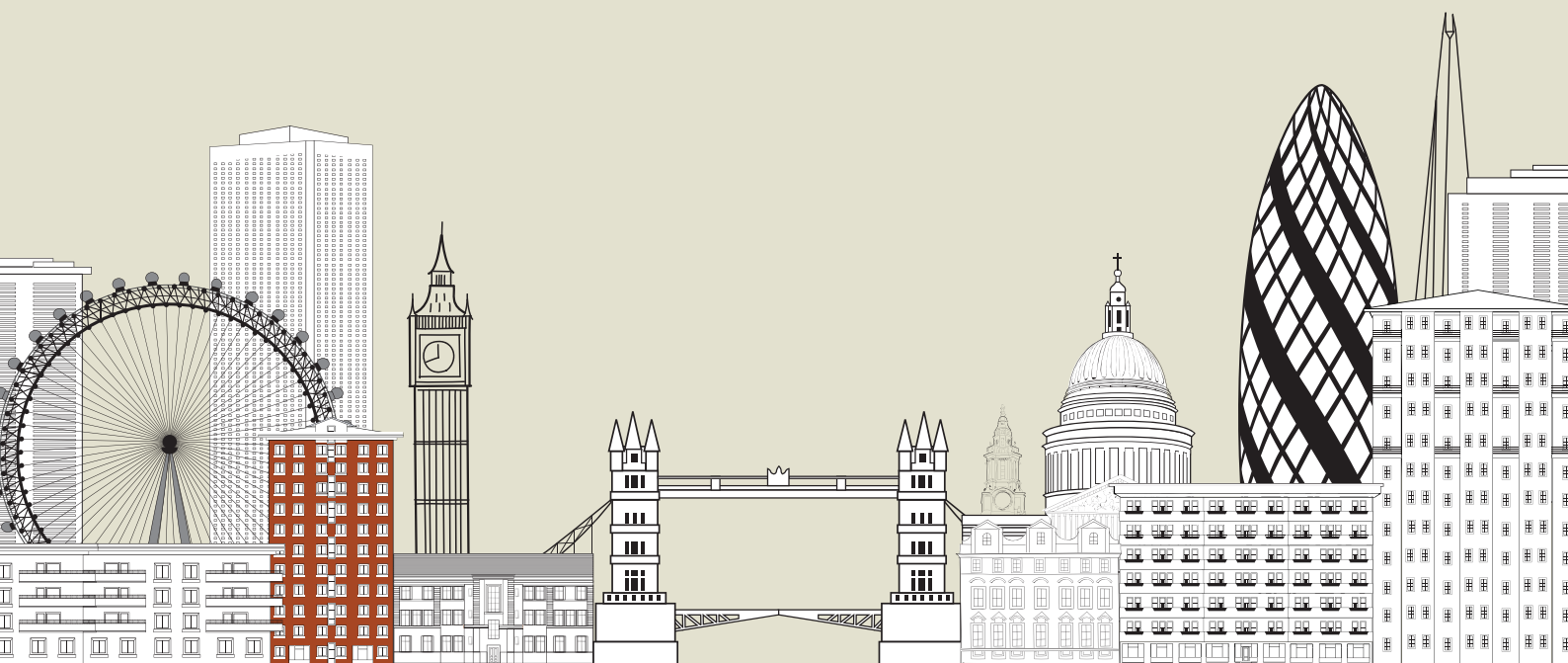


# No place to live



A UNISON survey report into the impact of housing costs on London's public service workers



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# FOREWORD



Public services are critical to the London economy. Good transport and housing, quality parks and open spaces, a clean environment, excellent schools, good health facilities and a city that is safe are all important to Londoners and London's businesses. The public service workforce keeps the local authority, education, police and health services running effectively.

But London's housing is in crisis. There aren't enough homes, housing costs are too high and people are being driven from the centre to the outskirts and beyond because they can't afford to live in London. Increasingly public service workers are relying on insecure private rented housing.

Tackling this crisis won't just remove the stress and anxiety this creates for public service employees, it would help the capitals' public services employers recruit and retain staff, and ensure that the services Londoners rely on continue.

A handwritten signature in black ink that reads "Dave Prentis." The signature is written in a cursive, flowing style.

**Dave Prentis**

UNISON general secretary

## Executive summary

UNISON asked teaching assistants, nurses, social workers and other public service employees working in London about the costs, conditions, suitability and standard of their housing.

### Unsustainable housing costs

The survey revealed a dysfunctional housing market in London that was failing to meet public servants' housing needs. Housing costs put a major strain on household budgets and living standards. According to the August 2017 house prices index, average (median) house prices stood at £484,362. According to the London rents map, the lowest median rent for a one bedroom flat was around £900 a month in September 2017.

The survey showed that almost two thirds (63%) of respondents are spending more than 30% of their income on housing, a figure that rises to 82% for private renters.

### Average rents

The median monthly rent for a one bedroom flat in the E5 (Hackney) postcode is £1,300. That is over 50% of the income of a paramedic earning £29,456 a year. It rises to 78% of the income of a nursery support worker with an annual salary of £20,001.

### Unaffordable housing

The survey found that many public service workers are living in the private rented sector where disrepair or poor maintenance is more prevalent. It also highlighted recruitment and retention concerns with 62% of survey

respondents saying that the cost of housing is making them look elsewhere to live and work. The figure rises to 87% for health workers living in the private rented sector.

### Expected population growth

London's population is expected to grow by about a million between 2011 and 2021, reaching around 10 million by 2031. Estimates of the need for additional housebuilding in London fall within a range of 50,000-80,000 homes per year.

### Definition of affordable housing

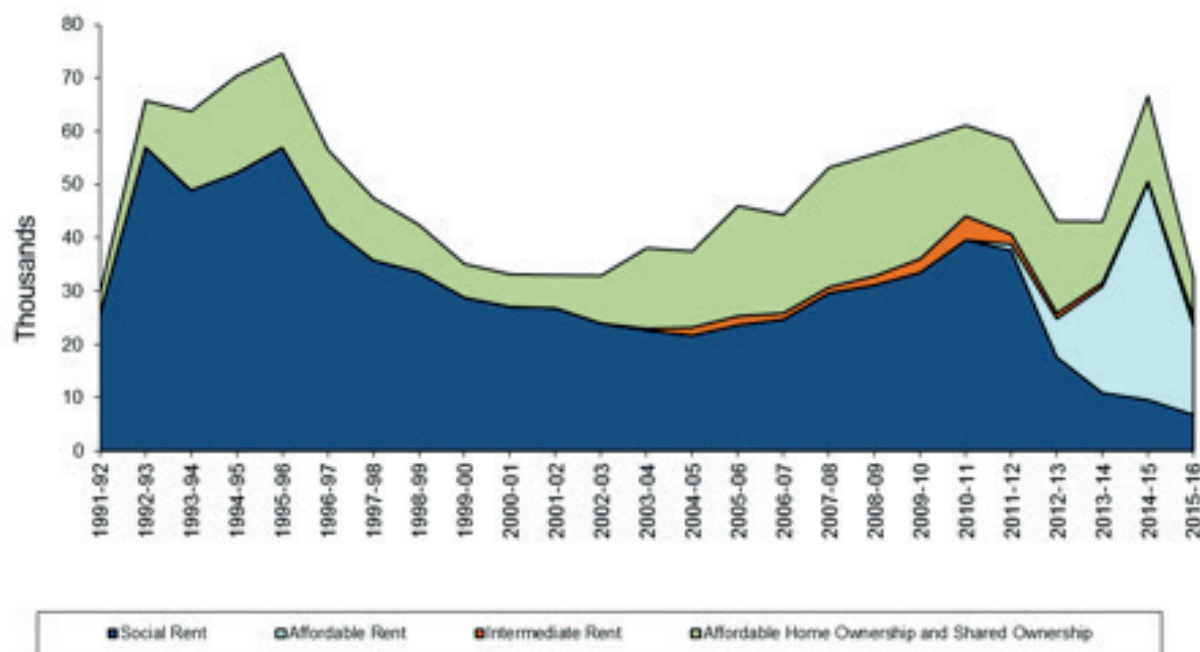
The definition of 'affordable housing' has been expanded to include rents that are no more than 80% of the local market rent (including service charges), shared ownership, shared equity, low cost home ownership and starter homes.

### Affordability test

These options are unaffordable to people working in the public and private sectors on low to middle incomes. A series of clear affordability tests for London linked to actual incomes should be created to ensure that new homes are targeted and genuinely affordable to Londoners on low to middle incomes. There should be a specific focus on the housing needs of workers delivering public services.

As the adjacent chart illustrates, nationally the number of new social rent homes has been falling dramatically. The latest figures record 6,900 completions in 2015/16 but only 950 starts.

Chart 1004: Additional affordable homes provided by type of scheme, England



Source: DCLG

[Original data: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/595369/Live\\_Table\\_1000.xlsx](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/595369/Live_Table_1000.xlsx)]

## Urgent action is needed

The crisis in the London housing market is likely to deepen unless urgent action is taken. Public service workers responding to the UNISON survey want the government to do more to tackle the crisis:

- 99% say the government should do more to address the shortage of affordable homes
- 75% support rent controls in the private rented sector
- 83% want to see the building of new council and housing association homes at rents people on low incomes can afford
- 75% support regulating the private rented sector so tenancies are more secure and conditions improved
- 59% support measures designed to stop house prices rising.

## Working with the Mayor of London

UNISON believes that the government should work with Mayor Sadiq Khan to:

- Set an annual target of 80,000 new homes in London, with at least 50,000 meeting the new affordability tests developed by the Mayor as described above
- Work with London boroughs and housing associations to secure private and public sector land to deliver these new homes
- Stop councils and housing associations in the capital dramatically increasing rents to near market levels when social rent properties are re-let
- Invest in a public sector-led new house building programme to increase the supply of all types of housing. This should particularly include homes with rents based on social rent levels provided by councils and housing associations, for people on low and modest incomes

- Review the way council housing finance works so that councils can borrow against their assets and decide how to use capital receipts to increase their ability to invest in building the homes needed
- Provide the necessary public subsidy to enable these new homes to be built
- Support the development of local house builders and building industry supply chains within London and the expansion of London's skilled building industry workforce
- End the freeze to housing benefit for homes in the private rented sector (known as the local housing allowances (LHA)) which makes London increasingly unaffordable to people on low incomes.

Shelter's research shows that as LHA rates fall further behind actual rents, families end up chasing an ever smaller number of properties at the bottom of the market covered by housing benefit, or have to make up the difference by cutting back on essential spending elsewhere.

The LHA freeze exacerbates this.

Shelter's research shows that by 2019 most of London and large parts of the Home Counties LHA rates will only cover the bottom 10% of properties in the private rented sector. Shelter calls this very unaffordable.

- In the private rented sector the government should:
  - Introduce controls on rent increases, or a system of rent caps – to limit increases
  - Increase security through longer term tenancies and strengthen tenants' rights
  - Improve standards through borough-wide licensing schemes, landlord accreditation and guaranteed minimum standards for private tenants
  - Encourage councils to introduce voluntary rent stabilisation schemes, like the one in Camden to control rents and make them more affordable
  - Ban letting agents' fees and support the creation of council-run letting agencies to promote best practice.

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# Introduction

A decent and affordable home is essential. It provides shelter, enables people to put down roots, raise their families, find employment and contribute to society. It's also a prerequisite for good health, the best education chances and a decent quality of life.

Working people need access to decent and affordable homes near their work. It's essential to health and economic well being. Yet, London faces a chronic shortage of affordable housing, which means the majority of workers on modest incomes are unable to afford a decent home - to rent or buy. As a result many face long commutes.

Against this background, UNISON carried out a survey of its members who work as public servants delivering essential public services in London. The survey covered a range of services, including the NHS, education and local authorities, with the aim of finding out how the costs, conditions, suitability and standards of housing is affecting public service employees.

The survey shows there is a housing crisis in London. It found the lack of suitable housing, high cost and poor standards are having a detrimental impact on public servants housing options. It is having an impact on their household budgets, living standards, work-life balance and travelling costs.

If this crisis deepens, it is likely to make it harder for employers to recruit and retain staff who may be forced to move out of London. This in turn will hit essential services.

*UNISON wants the government to work with the Mayor of London to tackle the housing crisis. This would ensure that workers have access to decent and affordable homes, near the places they work and would protect public service delivery.*

## Background to the London housing crisis

Between 1991 and 2016 London's population grew by 1.9m. But in 2016 there were 305,000 fewer council homes to rent than in 1991. Over that period the number of council homes fell from 703,000 to 398,000.

It isn't just about a fall in numbers. The best council stock has gone – larger properties, houses with gardens, low-rise flats and maisonettes – as tenants took advantage of the right to buy. New homes built by housing associations have not filled the gap.

Fewer homes to let and rising demand for social housing have made it more difficult for people to get a council home or to move within the social sector, for example because of a growing family or medical needs. Spiralling private sector rents, record house prices, overcrowding and a big reduction in housing support provided to people on low incomes have all contributed to the crisis.

Alongside the decline of affordable and social housing, the private rented sector (PRS) has grown rapidly. A decade ago private renting accounted for 17% of London's housing stock. Today, over 26% of the capital's homes are rented

privately. The rising costs of home ownership has pushed the average age of first time buyers in London to 32, and the percentage of Londoners with a mortgage has fallen to 28%, from a peak of 40% in 1992. As a consequence, the choice and quality of accommodation are limited and costs higher.

In England, rents in the private sector have risen twice as fast as wages and in London rents are now 25% higher than in 2010. London has the highest rents in comparison to average weekly wages in the whole of the UK.

The high costs of housing could spark an exodus as more and more workers are priced out of the housing market. Employers both within the public and private sectors are already reporting that housing costs are making it difficult to recruit and retain staff. This is leading to high turnover and staff shortages, which in turn will affect services.

UNISON recognises the effect that the housing crisis is having on public service workers including teaching assistants and health workers. Yvonne Green, UNISON London regional convenor explained UNISON's concerns:

“Decent and affordable housing are among the biggest issues facing public service workers and ordinary citizens in London. The under-availability of social housing and house prices that are beyond the means of ordinary people create a reliance on the private rented sector.

This has resulted in limited choice and higher rents, pricing people out of the London housing market. Families are suffering due to the high costs of housing and unless the government makes a firm commitment and takes action to resolve the housing crisis by investing in more social and affordable homes through councils and housing associations, the situation will worsen and public services in London will suffer as increasing numbers of public service workers could end up moving out of the capital to work and live elsewhere.”

**Yvonne Green,**  
**UNISON London regional convenor**

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The evidence indicates that there is a crisis in affordability and supply across all housing markets in London. London needs 80,000 new homes a year and 50,000 of these must meet the new affordability tests set by the Mayor of London.

The current pace of housing development is not delivering the numbers and fails to meet the needs of Londoners. Given the capital's population is projected to reach 10 million by 2031, there needs to be a step change in the delivery to meet increasing demand.

The government acknowledges that the housing market in England is broken and that the housing shortage has an impact on ordinary households and communities. It has also recognised that high housing costs are hurting people.

Ministers have provided funding to boost the supply of affordable housing. However it falls short of what is needed to ensure an adequate supply of social rented housing.

The 2016 autumn statement made provision of £3.15bn to deliver 90,000 homes in London by 2021. This falls short of what is needed to deliver the 50,000 new homes per year in London.

The Mayor's London plan sets a target that 35% of new homes built should be affordable. UNISON argues that the target should be at least 50%, given the current shortage and the evidence that affordable housing provision has been falling.



# KEY SURVEY FINDINGS

This section highlights the key findings from the survey and suggests action to tackle the housing crisis.

## Primary concerns

There were three main areas of concern highlighted in the survey responses: costs; quality; and the impact on travel to and from work.



### Costs of housing

High housing costs are hitting household budgets, housing options and living standards, with many struggling to meet housing costs:

- **62%** say the cost of housing is making them look elsewhere to live and work – a figure that rises to 87% for health workers in the private rented sector
- **24%** are really struggling to manage
- **54%** are just about managing
- **63%** are spending more than 30% of their income on housing – (82% for private tenants).
- Housing costs are more than **£300** a week for one in four people responding (25%)
- One in four are spending more than **50%** of their income on housing
- **27%** say their housing is unsatisfactory but it's all they can afford
- **32%** say they want to move but can't afford to.

### Quality of housing

Properties in the private rented sector are more likely to be poorly maintained:

- Over **30%** of private tenants say their landlord does not maintain their home to an adequate standard



### Commuting and housing

Some people are spending large proportions of their income on housing, or a lot of time and money on long commutes. Others feel trapped because they want to move but can't afford it:

- **18%** spend more than two hours a day travelling to and from work
- **48%** would like to live nearer their workplace
- **41%** spend more than £1,000 a year getting to work

## Fixing the housing crisis

Public service employees want to see action to solve the housing crisis and would like to see the following measures introduced:



**99%**

say the government should do more to address the shortage of affordable homes.

**75%**

support rent controls in the private rented sector

**83%**

support building new council and housing association homes at rents people on low incomes can afford

**75%**

support regulating the private rented sector so tenancies are more secure and conditions improve

**59%**

support measures designed to stop house prices rising

**56%**

support measures to discourage the luxury second homes market.

## SURVEY RESPONSES

**1,223**

said they lived and worked in London

**62%**

of those that responded (1,106) said that the cost of housing in London was making them look elsewhere to live and work

### Household finances

The survey asked how people would describe their family finances

**24%**

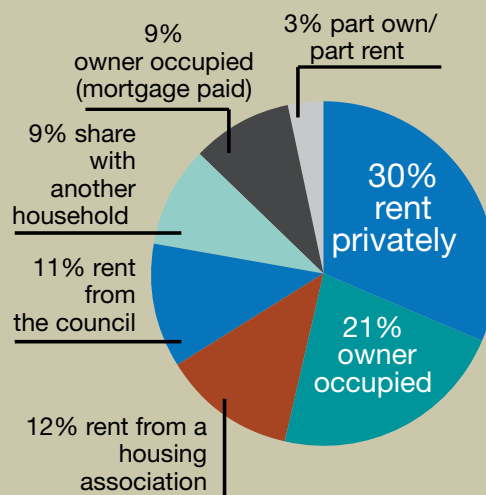
(234) said they were really struggling to manage

**54%**

(523) said they were just about managing

**21%**

(204) said they were reasonably well off



### Housing circumstances

**30%**

(333 – the highest response) rent privately

**21%**

(239) – owner occupied (paying a mortgage)

**12%**

(156) – rent from a housing association

**11%**

(126) – renting from the council

**9%**

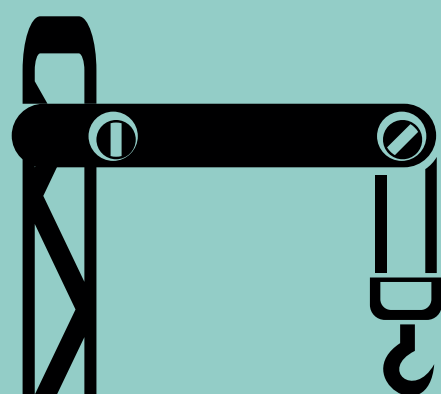
(97) – sharing with another household

**9%**

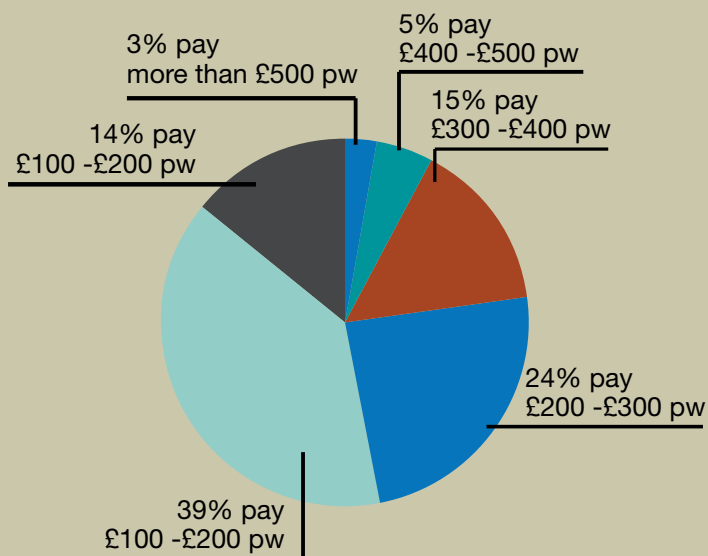
(96) – owner occupied (mortgage paid)

**3%**

(38) part own/part rent



## The impact on household budgets



## Proportion of household income

The survey asked roughly what proportion of household income is spent on housing costs:

**15%**

(139) said they spent more than 60% of their household income on housing costs

**14%**

(128) said between 51% and 60%,

**16%**

(151) said between 41% and 50%

**9%**

(83) said between 31% and 40%

**37%**

(347) of the 948 responses said they spent 30% or less of their household income on their housing costs.

## Monthly expenditure

The survey asked about the level of monthly housing costs:

**3%**

(26) were paying more than £500 a week

**5%**

(51) were paying between £400 and £500 a week

**15%**

(143) were paying between £300 and £400 a week

**24%**

(228) between £200 and £300 a week

**39%**

(367) between £100 and £200 a week, with only 132 (14%) paying less than £100 a week



## How are people managing?

The survey found that council tenants were most likely to say they were really struggling to manage. Housing association tenants were most likely to say that they were just about managing and least likely to say that they were reasonably well off.

	Council tenant	Housing association tenant	Private tenant	Own their own home – mortgage being paid	Own their own home – mortgage paid
<b>Really struggling to manage</b>	34%	30%	31%	3%	3%
<b>Just about managing</b>	58%	64%	58%	9%	23%
<b>Reasonably well off</b>	9%	6%	11%	8%	74%

## Proportion of household income spent on housing

Private tenants reported the greatest proportion of their incomes going on housing costs.

	Council tenant	Housing association tenant	Private tenant	Own their own home – mortgage being paid
<b>More than 50%</b>	21%	30%	38%	19%
<b>More than 30%</b>	55%	71%	82%	55%



## FURTHER DETAIL ON SURVEY RESPONSES

### Housing tenure, satisfaction and overcrowding

- Private tenants were most likely to say that their housing was not satisfactory but it was all they could afford
- Council and housing association tenants were most likely to say they were overcrowded and children/family members had to share a room
- Private tenants were most likely to say that their landlord didn't maintain their home to an adequate standard
- Private tenants were most likely to say that they wanted to move but they couldn't afford to
- People who own their own home and have paid the mortgage are most likely to say that their children cannot afford to find somewhere to live.

	Council tenant	Housing association tenant	Private tenant	Own their own home – mortgage being paid	Own their own home – mortgage paid
<b>My housing is not satisfactory but it is all I can afford</b>	23%	32%	42%	11%	7%
<b>We are overcrowded some children/family members have to share a room</b>	24%	24%	13%	9%	0%
<b>My landlord does not maintain my home to an adequate standard</b>	8%	15%	31%		
<b>We want to move but cannot afford it</b>	26%	36%	47%	17%	11%
<b>My children cannot afford somewhere to live</b>	15%	15%	3%	12%	18%

## CONCLUSION

Health, local government and school employees are delivering essential public services, but suffering because of the lack of suitable, decent and affordable homes in London. The high cost of housing is having an impact on household budgets. Many are looking elsewhere to live and work as a result.

Providing public services to local communities will become increasingly difficult if people on modest incomes can't afford to live and work in London, or have to live further and further away from their places of work.

UNISON is calling on the government to increase investment for social rent homes in London, and to work with the Mayor, councils and housing associations to develop solutions to the housing crisis.

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# SUMMARY OF RECOMMENDATIONS

- UNISON believes that the government should work with Mayor Sadiq Khan to:
- Set an annual target of 80,000 new homes in London, with at least 50,000 meeting the new affordability tests developed by the Mayor
- Work with London boroughs and housing associations to secure private and public sector land to deliver these new homes
- Stop councils and housing associations in the capital dramatically increasing rents to near market levels when social rent properties are re-let
- Invest in a public sector-led new house building programme to increase the supply of all types of housing. This should particularly include homes with rents based on social rent levels provided by councils and housing associations, for people on low and modest incomes
- Review the way council housing finance works so that councils can borrow against their assets and decide how to use capital receipts to increase their ability to invest in building the homes needed
- Provide the necessary public subsidy to enable these new homes to be built
- Support the development of local house builders and building industry supply chains within London and the expansion of London's skilled building industry workforce
- End the freeze to housing benefit for homes in the private rented sector (known as the local housing allowances (LHA)) which makes London increasingly unaffordable to people on low incomes.
- In the private rented sector the government should:
  - Introduce controls on rent increases, or a system of rent caps – to limit increases
  - Increase security through longer term tenancies and strengthen tenants' rights
  - Improve standards through borough-wide licensing schemes, landlord accreditation and guaranteed minimum standards for private tenants
  - Encourage councils to introduce voluntary rent stabilisation schemes, like the one in Camden to control rents and make them more affordable
  - Ban letting agents' fees and support.

